

MINUTES
Policemen's Pension and Relief Fund
Thursday, June 8, 2010

On Thursday, June 8, 2010 at 9:00 a.m., a meeting of the Board of Trustees of the Policemen's Pension and Relief Fund of the City of Little Rock, Arkansas was held in the Sister Cities Conference Room at City Hall.

Agenda Item #1. Call to Order/Roll Call
[00.00.00 into the pension meeting audio.]

Chairman Moore called the meeting to order at approximately 9:15 a.m., certifying that a quorum of the Board was present. The Roll Call was as follows:

PRESENT:	Bruce Moore	Chairman
	Sara Lenehen	Treasurer
	Farris Hensley	Secretary
	Lee Harrod	Member
	David Rowan	Member
	Don Wood	Member
	Steve Young	Member
ABSENT:		

Also present were Mr. Jim McDaniel, Retired Member of the Fund; Mr. Bo Brister and Mr. Larry Middleton, Stephens Capital Management, Financial Consultants for the Fund; Mr. Dean Overstreet, Dover Dixon Horne Law Firm, Legal Consultant for the Fund; Mrs. Kathy Lindsey, Pension Fund Administrative Staff, and Rick Robinson of MetLife Investments.

Agenda Item #2. Notification of News Media.
[00.00.10 into the pension meeting audio.]

Chairman Moore stated the media had been properly notified in a letter dated June 3, 2010, to the Arkansas Democrat Gazette. Chairman Moore also welcomed the new members to the Board and congratulated them on their election.

Agenda Item #3. Approval of May Minutes (not completed).
[00.00.27 into the pension meeting audio.]

Copies of the May minutes had not been previously submitted to Board members prior to the meeting because the pension staff had been directed by the Chairman to immediately stop the practice of providing assistance to the Secretary in their completion. At the request of the Chairman, we then moved to Item 7B on the Agenda to discuss this matter.

This led to considerable discussion about this issue and it was determined that Ms. Lenehan had conducted "research" that determined, according to the City's HR department, that the pension

board contracting her city employees violated the FLSA. After determining that this ruling of the HR department was not a legal opinion, Mr. Young made a motion that was seconded by Mr. Harrod to request a City Attorney's Opinion, as per the request of the Chairman. This motion passed by unanimous vote of the Board. The issue was then tabled until the next meeting of the Board.

Agenda Item #4. Report from Stephens Capital Management.

[00.36.15 into the pension meeting audio.]

Mr. Brister and Mr. Middleton, Financial Consultants for the Fund, gave the May 2010 financial report and stated that on May 31, 2010, the market value of the total Fund was \$45,176,049 of which \$23,165,995.60 was allocated to DROP. This represents a decrease in the account balance of (\$2,093,868) since April 30, 2010. The component of this change was income of \$59,182.77 and net contributions/withdrawals of \$1,163.09. Additionally, \$1,075,912.95 was held in the Metropolitan Checking Account. The Funds overall market rate of return for the month of May 2010 was (4.45%) and (0.40%) calendar year to date.

The financial consultants stated that they would bring their suggestions for the funds participation in gold investments to the next pension meeting as requested by Board members.

Agenda Item #5. Report from Mr. Roger Smith.

[01.20.27 into the pension meeting audio.]

Mr. Roger Smith, Government Relations Lobbyist for the Fund, was not present at the meeting to give his report due to personal issues so his report was tabled until the next meeting.

Agenda Item #6. Report from Dover Dixon Horne Law Firm.

[01.20.55 into the pension meeting audio.]

Mr. Dean Overstreet, Legal Consultant for the Fund, reported on the lawsuit concerning past benefit increases and said that an oral argument hearing on the summary judgment has been scheduled for June 30, 2010 at 9 a.m. He stated that anyone who wished to attend the hearing could do so but it will only involve testimony on legal issues by the attorneys and that the judge will probably not issue an opinion on the hearing until a later date.

Mr. Overstreet stated, on the issues pertaining to the billing practices of Mr. Peace, that he could answer general questions about this but that he "wasn't sure where Mr. Peace is today" and that Mr. Petty was attending a "bar meeting" in Hot Springs so he could not attend the meeting.

The Board decided to await the return of Mr. Peace and Mr. Petty to address questions to Mr. Peace about his billing practices and obtain reports from Mr. Petty at the next meeting. Therefore, the remaining legal counsel items were tabled.

Agenda Item #7. Report from Mrs. Sara Lenehan.

[01.32.50 into the pension meeting audio.]

Ms. Lenehan submitted copies of the un-audited financial report for May 2010. Losses to the plan year-to-date through May 31, 2010, were (\$2,366,134). The report indicated that as of May 31, 2010, the total account fund balance including the DROP, was \$46,226,586. The net loss for the month of May was (\$2,049,764).

Also submitted were copies of the May 2010 expense and legal fee reports. Total expenditures, excluding benefit related expenses, were \$2,878.93 for the month, and totaled \$17,156.16 year to date. Legal fees paid in the month of May were \$1,157.50 and totaled \$8,904.00 year to date.

Following review of the May financial and expense reports, Mr. Hensley made a motion to approve them as submitted. Mr. Rowan seconded the motion and it passed by unanimous vote of the Board.

The Chairman declared a 5-minute break.

[01.53.06 into the pension meeting audio.]

The Chairman called the meeting back to order and proceeded to Agenda Item #8.

Agenda Item #8. Report from Mr. Bruce Moore.

[02.02.31 into the pension meeting audio.]

The report from Mr. Bruce Moore on the proposed committee to address funding issues was tabled until the next meeting to allow Roger Smith to be present and participate during the discussion of this topic.

Agenda Item #9. Report from Steve Young.

[02.03.54 into the pension meeting audio.]

Mr. Steve Young requested that the City provide their video streaming services to the Police Pension Board so that members could see the meetings live. Mr. Moore stated that would not be possible due to the limitations of the system. Mr. Young then asked if WiFi Internet service could be provided in the meeting room so that Board members could access the Internet during pension meetings. Mr. Moore stated he had requested the cost of such access from his IT department and would provide that information at the next meeting. This item was tabled until the next meeting.

Agenda Item #10. Parking Ticket Revenue.

[02.13.57 into the pension meeting audio.]

Mr. Harrod stated a pension member had contacted him requesting information concerning the City's new parking ticket collection practices. Mr. Moore stated the program has only been in existence for approximately one month and does not involve a warrant process. He further

stated the pension fund would receive 10% of the revenue from such collections in accordance with state law.

Agenda Item #11. RFQ Process for Financial Advisor.

[02.20.03 into the pension meeting audio.]

The Board members selected their six (6) top respondents for the position, which were Stephen's Inc., UBS, Gerber/Taylor, Grey & Company, MetLife, and Merrill Lynch. The meeting to interview them was scheduled for Friday, July 9, 2010, at 9:00 am, in the City Board Room with a 15-minute presentation and a 15-minute Q&A for each respondent.

Agenda Item #12. RFQ Process for Legal Counsel.

[02.42.04 into the pension meeting audio.]

The Board members selected their four (4) top respondents for the position, which were Kelsay Law Firm, PA; Friday, Eldredge, and Clark, LLP; Mitchell, Williams, Felig, Gates, and Woodyard, PLLC; and Kutak Rock, LLP. The meeting to interview them was scheduled for Friday, August 6, 2010, at 9:00 a.m., in the City Board Room with a 15-minute presentation and a 15-minute Q&A for each respondent.

Agenda Item #13. Member Comments.

[02.54.59 into the pension meeting audio.]

Mr. Jim McDaniel, the only Retired Member of the Fund in attendance, had no comments.

Agenda Item #14. Other Business.

[02.55.10 into the pension meeting audio.]

Mr. Harrod made a motion to authorize Mr. Young to purchase a computer for Pension Board business with up to \$1,000 for the computer and accessories as it had for Don Wood in the previous meeting. The motion was seconded by Mr. Hensley and passed by unanimous vote of the Board.

Mr. Hensley then made a motion to remove Mr. Alfred Briley who passed away on 05-18-2010, from the pension rolls, approve his death benefit of \$6500, and add his widow, Ms. Juanita Briley, to the pension rolls to receive the monthly amount of \$1,238.95 effective 06-01-2010, pending the paperwork needed to begin her benefits. In the same motion, Mr. Hensley also moved to remove Ms. Mabel Goodwin who passed away on 06-02-2010, from the pension rolls and to extend the Boards sincere condolences to their families. The motion was seconded by Sara Lenehan and was passed by unanimous vote of the Board.

Mr. Harrod reported the Supplement Checks will be \$600.00 as always but the Future Supplement Checks have dropped from last years total of \$767.00 to \$554.50 this year, thus, a total of \$1154.00 for this year. This information was in Osborn, Carreiro's June 8th report to the PRB and noted that the total funding for the future police supplement was \$695,343. Ms. Lindsey said the checks are mailed sometime this summer when the PRB sends the money to our fund.

Also in the report, Mr. Harrod noted that the Arkansas State Police have collected over \$6.2 million from the Insurance Premium Tax Allocation Fund that was originally intended for financial support of local fire and police pension funds throughout the state.

Mr. Harrod urged our Fund and the City attempt to have the law changed this year to return the law to its original purpose by allocating more money for Local Police and Fire plans and less money for the Arkansas State Police.

Mr. Hensley made a motion to obtain plaques to honor the long and dedicated service of Past Board Members Brad Furlow and Mike Lowery to the Little Rock Police Pension Board. The motion was seconded by Mr. Harrod and passed by unanimous vote of the Board.

Agenda Item #15. Adjourn Meeting.

[03.38.38 into the pension meeting audio.]

Upon conclusion of Pension Board business, Mr. Harrod made a motion to adjourn. The motion was seconded by Don Wood and passed by unanimous vote of the Board at approximately 11:44 a.m.

Respectfully Submitted,

Farris Hensley
Board Secretary